FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554
In the Matter of
Cross-Ownership of Broadcast Stations and Newspapers MM Docket No. 01-235
Newspaper/Radio Cross-Ownership Waiver Policy MM Docket No. 96-197

Comments of The E. W. Scripps Company
Kenneth W. Lowe, President and Chief Executive Officer
Alan M. Horton, Senior Vice President/Newspapers
John F. Lansing, Vice President/Television
M. Denise Kuprionis, Vice President/Legal Affairs
The E. W. Scripps Company, Scripps Center, 312 Walnut Street, Suite 2800, Cincinnati, Ohio 45202

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SCRIPPS SUPPORTS CROSS-OWNERSHIP IN ALL MARKETS
As one of the country's leading diversified media concerns, The E. W. Scripps Company favors amending federal communications regulations to allow cross-ownership of newspapers and broadcast television and radio stations in single markets. The company further supports cross-ownership in all markets rather than limiting any amendment of the rules to the largest markets.

In short, Scripps believes:
1) The best policy is to permit the marketplace to decide what media combinations make sense;
2) There is no danger that elimination of cross-ownership restrictions will lead to a lack of independent voices and advertising choices even in small markets;
3) Our experience and observation suggest that new voices are heard when existing ones abuse their market position by price gouging or content skimping;
4) Fairness requires that if newspapers' competitors can combine, then newspapers' hands should not be tied behind their backs.

COMPETITIVE ENVIRONMENT HAS CHANGED
The competitive conditions that existed when the government promulgated its rules prohibiting newspaper and television cross-ownership no longer exist. The media environment is more competitive and diversified today than it was 30 years ago when consumers and advertisers were limited to choosing between their daily newspaper, three major network affiliates, if that, and a handful of locally owned radio stations.

The new competitive environment has had a measurable effect on newspapers and broadcast television stations. Audience fragmentation has resulted in a steady decline in newspaper readership, circulation and advertising share, and, not surprisingly, in the number of daily newspapers. Television viewership and advertising share of local TV stations and the three major television networks also is in decline. These trends - increased competition and declining share - are at work in all of the markets where Scripps operates local media franchises.

CORPUS CHRISTI: A CASE STUDY
Corpus Christi, TX (Market Rank No. 127) is a good example. Scripps operates a mid-sized daily and Sunday newspaper (The Caller-Times) in Corpus Christi. Since 1996, daily circulation at the Caller-Times has declined 5.3 percent. Circulation of the newspaper's Sunday edition is down 8.8 percent

over the same period. The newspaper's share of total advertising dollars spent in the market has declined about 5 percent since 1996.

Those downward trends parallel increased competition. In addition to the Corpus Christi Caller-Times, there are 15 community newspapers; three advertising "shoppers"; 10 broadcast television stations (five network affiliates); three cable television service operators; 32 radio stations; and at least 16 local media Web sites. More than half of the community's radio stations are operated by four owners - Clear Channel (six stations); Rodriguez Communications (four stations); Pacific Broadcasting (four stations); and Malkin Broadcasting (three stations). There also are two independent telephone directories, two outdoor advertising firms, and three direct mail companies (including Caller-Times Direct, which was launched by Scripps to protect share). A similar competitive profile can be found in nearly all of the company's newspaper and broadcast television markets.

CREATING LOCAL MEDIA MONOPOLIES UNLIKELY

Clearly, the number of choices available to media consumers and advertisers today challenges the once held theory that cross-ownership will give rise to local media monopolies. In such a highly competitive environment, Scripps management believes it unlikely that common ownership of a newspaper and a broadcast television station would tip the competitive advantage in any market, regardless of its size. The sheer number of options available would seem to make it more likely that vigorous competition for readers, viewers and advertising dollars will continue unchecked. Cross-ownership at this stage in the evolution of the media industry becomes a strategic and defensive move for newspaper publishers and broadcasters to maintain position in local markets, and to improve the content and community service of both the newspaper and television station.

EFFECT ON REVENUES AND PROFITS UNCLEAR

Scripps' initial analysis of the direct financial impact of a cross-ownership relationship, especially as it regards increased revenues or profits, is at best speculative. Adding a newspaper or television station to the business mix would result in a corresponding increase in revenues and cash flow for the acquiring company. However, there doesn't appear as much potential for unusual revenue and profit growth as some would suggest. (Two plus two would equal more than four, but would it be as much as five?)

Newspapers and broadcast television stations are considered mature media businesses and are projected to grow modestly even during boom economies. It's the opinion of Scripps management that cross-ownership of newspapers and TV stations would not immediately improve revenue growth trends, but would significantly boost cross-promotion and content sharing and enhancement, thereby slowing the erosion of newspaper readership and television ratings. Over time, readership and ratings protect revenue streams and business vitality.

SOME EXPENSE SIDE BENEFITS

A cross-ownership relationship would allow a newspaper and a television station to consolidate some back-office operations, such as bookkeeping and accounting, human resources and purchasing. Redundant news gathering and editorial expenses might be trimmed as resource-sharing relationships are established but it is more likely that they would be redeployed to enhance content of both entities. Differing cultures (print vs. broadcast) and methods of news gathering and reporting make it difficult to fully combine news gathering functions. It's clear that a cross-ownership relationship will result in a more favorable cost structure for both businesses.

CROSS-PROMOTIONAL VALUE A PLUS

One of the primary reasons that Scripps supports cross-ownership is the opportunity it would afford the company to strengthen its position as an owner and operator of local media franchises in markets of all sizes.

Management believes there would be considerable cross-promotional and marketing value in being able to offer advertisers a one-stop shop - print, broadcast, integrated Internet services, and other niche media options. Scripps is learning the value of cross-promotion and cross-marketing. In addition to newspapers and television stations (and related Web sites), Scripps operates two national cable television networks - Home & Garden Television and the Food Network - which are carried by most domestic cable operators. The company also owns and operates the Do It Yourself network, now two years old, and is preparing to launch a fourth network, Fine Living, in March 2002. Content sharing and cross-promotional relationships have been developed among all of the company's newspapers, television stations and growing portfolio of cable television networks.

MARKETPLACE EFFICIENCY AT WORK

Despite the power of cross-promotion, lower costs and enhanced content, media consumers and advertisers in a cross-ownership world will continue to look for the best deals. Historically, attempts by local media franchises to raise advertising or subscription rates beyond what the market will bear has resulted in a decline in business, loss of market share and in repeated instances, has given rise to new competitors. Those natural market forces, plus the threat of "push-back" from advertisers concerned about monopolistic pricing, will preserve competitive equilibrium.

Newspapers' competitors already are combining to reduce newspapers' market share. They will continue to do so, with or without the elimination of cross-ownership restrictions. Without regulatory relief, more and more newspapers will be marginalized and stunted.

SUMMARY

To summarize, Scripps urges the Federal Communications Commission to amend its rules to allow cross-ownership of newspapers and television stations in all local markets. The company believes that cross-ownership will help level the competitive playing field in a rapidly fragmenting and hyper-competitive media environment. It also would extend to newspaper publishers and television broadcasters the same competitive opportunities afforded to the radio broadcasting industry and other media competitors who have been consolidating. Bottom line: Cross-ownership would benefit the company and its shareholders, its readers and viewers, and its advertisers in markets of all sizes.

M. Denise Kuprionis, Esq.
The E. W. Scripps Company
Vice President
Corporate Secretary/Director of Legal Affairs
email: kuprionis@scripps.com
phone: 513/977-3835
fax: 513/977-3811